

July 23, 2008
Milton, Florida

Present: Chairman Jerry Burden and members Mike Majors, Michele Tucker, Oakland Ard, Oscar Sol, Jim Waite, Danny Holt, Cindy Cotton, Debbie Laird, and Chrys Holley. Michelle Parker arrived late. Also present were the Public Services Director (Tony Gomillion), Housing Program Manager (Janice Boone), Housing Program Coordinator (Erin Lenn), Habitat for Humanity representative (Betty Salter), and Planning & Zoning Director (Beckie Faulkenberry). The meeting was called to order at 3:00 p.m.

Burden welcomed new members, Oscar Sol and Jim Waite. He asked them and other members to introduce themselves.

Ard moved approval of the minutes of May 28, 2008 meeting; Laird seconded, and the motion carried unanimously. (10-0)

SHIP Report

Boone gave a detailed update on the SHIP funds and each of the funding strategies. She said funding year 2005/2006 will be closed out as of June 30, 2008. Boone said year 2006/2007 has some funds remaining but most funds have been committed. She said most of the committed funds from this timeframe are for Substantial Rehabilitation. Burden asked about the waiting list for these funds. Boone said fund year 2007/2008 has a waiting list. She said all of these funds must be committed by 2009, and all families must occupy the homes by 2010. Boone said in a meeting with Oscar Sol it was recognized that Magnolia Crossing is not moving forward. She said these funds will be recommitted.

Burden said a mortgage closing recently took place at the financial institution where he is employed. He said individuals were extremely complementary on the SHIP Program in Santa Rosa County. Burden said "keep up the good work."

HHRP (Hurricane Housing Recovery Program)

Boone gave a detailed update on the HHRP Report. She said this is the 4th year for this program and felt this program will be wrapped up shortly. Boone presented the financial recap of all strategies under the program and discussed the status of the construction development strategy in detail. She welcomed input from the committee. Burden asked if there are unsold homes still in inventory. Boone said yes. She said staff is asking the committee to consider amending the current strategy to allow some leeway. Boone said the committee needs to look at all needs.

HHAP (Hurricane Housing Assistance Plan) Consideration for Plan Amendment

Home Construction Development Strategy

Boone said the Housing Construction Development Strategy was created to make sure homes were available after the hurricane. She said the developers that came into our area after that time were inexperienced. Boone said the focus of the strategy was to build homes and make them affordable. She said a \$50,000.00 subsidy was available to those individuals who purchased these homes. Boone discussed the \$50,000.00 subsidy, and how it came to be. She said the situation is the homes currently in inventory have not sold, even with the \$50,000.00 subsidy. She said there are currently 12 homes (out of the initial 28 homes) in inventory that have been built but have not sold. She said "the County is where it is with HHRP dollars" and must move forward. Boone said staff wants to be allowed to consider making grants available in order to push through the sale of a home if the appraisal is less than what the developer has in the home. She said there will be a lien placed against the home for the amount of the appraised value of the home less the first mortgage. Burden asked if the \$50,000.00 subsidy will be available as well as a grant. Boone said there will be a lien for the value that was there and the other amount will just be a grant from the County. Parker questioned the County giving away a grant. Boone said the recommended changes will allow a subsidy from the County for up to \$100,000.00. She said this subsidy will put an income qualified family in a home. Boone said the County will not put more into this strategy than they have put in some of the other strategies in the past. She said she has discussed this at length with staff. Boone said the entire \$100,000.00 may not be used, but the proposal is for up to \$100,000.00. Parker said the homes currently on inventory are overpriced. Cotton said she does not feel there is much cost involved with these homes. She asked what will happen if the homes do not sell. There was continued discussion on the State requirements associated with returning the subsidized amount of \$50,000.00 back to the State if the homes do not sell.

Gomillion said staff has talked to Dannheisser about different scenarios and options. He said the money will have to be paid back to the State of Florida if the homes do not sell. Boone said the County gained experience from the situation but the overriding factor is that the homes must be sold. There was the discussion of moving forward with allowing 4 homes, currently in inventory, to be transferred to Family Promise. Holt asked why Loaves and Fishes was not considered for any of the homes. Gomillion said Loaves and Fishes does not yet have families in the two homes already funded under HHRP. He said Family Promise met their full obligation and met all of their time frames. Cotton asked if there is any way to recover the \$50,000.00 subsidy attached to each home. She asked if the developer can be asked to show detailed costs associated with construction of the homes. Cotton said she does not feel the developers have the amount of money in the homes reflected in the sales price.

Oscar Sol said the developers, at some point, will have to give the property back to the bank if it is tied to any type of bank note. He asked if the money can be reallocated to other programs. Boone said the County is fortunate there is some HHRP money still available. She said the County still has an option to increase the subsidies with the use of a grant from the County. Burden said the County has to cut its losses. He said the committee has learned a good lesson. Cotton asked Boone to ask the County Attorney if a second lien can be placed on the property to keep the developer from refinancing without the County knowing about it. Boone said the County will not disburse any more funds to these developers. She said there is definitely an interest from the developer to move these houses. Boone said the two homes that recently sold resulted in the developers bringing money to the table. Burden said it is his recommendation to put in a sense of urgency with the developer and have a sunset date on the grant funding. Cotton said the homes are listed in the MLS system for \$160,000.00, and no one is going to ask about the homes listed at this price.

Holt said it is his understanding the County gave a \$50,000.00 subsidy, and the developer has a first mortgage for an unknown amount. He said the committee has no other option but to absorb the costs. Gomillion said this is why Boone is requesting a recommendation from the committee on the grant.

Burden said our area has been designated as a declining market area. He said people are lowering prices because of the declining market. Burden also stated the homes currently in inventory are very overpriced and said he is not sure an additional \$50,000.00 grant will help. He said the County must cut its losses. Burden said the County can give \$600,000.00 back to the State of Florida or give \$600,000.00 in grants to get qualified families in the homes. Cotton said she does not see giving an additional \$50,000.00 because the developers will benefit.

Boone said \$50,000.00 has already been invested in the home. She said the additional increase up to \$100,000.00 maximum will be at the County's discretion. Boone said this money will not go to the developer but will go to the qualified homebuyer.

Burden said he will entertain a motion on staff's recommendations.

Ard moved approval to accept a recommendation from staff on the changes as presented to the committee that are written in red for the Hurricane Housing Recovery Program: Assistance Plan Version 10 for Strategy 6; Holley seconded, and the motion carried unanimously. Laird abstained from the vote.(10-0-1)

Sol asked if any of these changes have to be approved by Florida Housing. Boone said yes.

Tucker asked about the change from 60% to 40%. There was discussion on the necessity of this change.

Boone said 4 of the 11 units may be absorbed into Family Promise for transitional housing. She said this strategy is not specific to any certain properties.

Development of Special Needs Housing Strategy

Boone said this proposed amendment will increase the maximum award from \$100,000.00 to \$125,000.00. She said all of the recommendations are in red.

Holt moved approval to accept a recommendation from staff on the changes presented to the committee that are written in red for the Special Needs Housing Strategy as noted in the Hurricane Housing Recovery Program: Assistance Plan Version 10 for Strategy 11; Ard seconded, and the motion carried unanimously. Laird abstained. (10-0-1)

Next Meeting Date

Boone said the next meeting date is scheduled for September 24, 2008 at 3:00 p.m. in the Public Services Community Room. Burden said he would prefer staff schedule monthly meetings. Boone announced an August meeting date of Wednesday, August 27, 2008 at 3:00 p.m.

Other Business

Betty Salter gave an update on the number of Habitat for Humanity homes built in both Escambia County and Santa Rosa County. Parker asked Salter the cost of one of her recently built 4 bedroom homes. Salter said approximately \$67,000.00.

Adjournment

There being no further business to come before the Committee at this time, the meeting adjourned.